

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

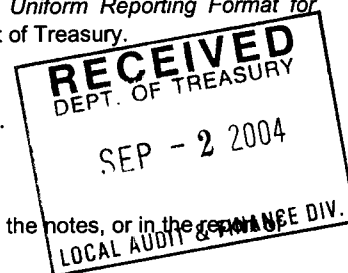
Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name WAYLAND AREA EMERGENCY MEDICAL SRV	County ALLEGAN
Audit Date 2/29/04	Opinion Date 5/21/04	Date Accountant Report Submitted to State: 8/31/04	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report comments and recommendations



You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) SIEGFRIED CRANDALL P.C.			
Street Address 246 EAST KILGORE ROAD	City KALAMAZOO	State MI	ZIP 49002-5599
Accountant Signature <i>Siegfried Crandall P.C.</i>		Date <i>8/31/04</i>	

Wayland Area Emergency Medical Services
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended February 29, 2004

CONTENTS

	<i>Page</i>
INDEPENDENT AUDITORS' REPORT	3
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Balance sheet	4
Statement of revenues, expenses, and changes in retained earnings	5
Statement of cash flows	6
Notes to financial statements	7 - 9

INDEPENDENT AUDITORS' REPORT

Members of the Board
Wayland Area Emergency Medical Services

We have audited the accompanying general purpose financial statements of the Wayland Area Emergency Medical Services (Authority) for the year ended February 29, 2004. These general purpose financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Wayland Area Emergency Medical Services as of February 29, 2004, and the results of its operations and cash flows for the year ended February 29, 2004, in conformity with U.S. generally accepted accounting principles.

Siegfried Crandall P.C.

May 21, 2004

GENERAL PURPOSE FINANCIAL STATEMENTS

Wayland Area Emergency Medical Services

BALANCE SHEET

February 29, 2004

ASSETS

Cash	\$ 216,583
Accounts receivable (net of allowance for uncollectible accounts of \$73,628)	264,426
Prepaid expenses	12,756
Fixed assets (net of accumulated depreciation of \$307,444)	<u>237,848</u>
Total assets	<u>\$ 731,613</u>

LIABILITIES AND FUND EQUITY

LIABILITIES:

Accounts payable	\$ 30,810
Accrued payroll and payroll taxes	<u>35,454</u>

Total liabilities	66,264
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RETAINED EARNINGS	<u>665,349</u>
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TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 731,613</u>
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See notes to financial statements

Wayland Area Emergency Medical Services

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS

Year ended February 29, 2004

OPERATING REVENUES:

Charges for services	\$ 726,917
Memberships	25,154
Training fees	18,107
Other	<u>8,106</u>

Total operating revenues	<u>778,284</u>
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OPERATING EXPENSES:

EMT payroll	336,766
Payroll taxes	25,090
Employee medical insurance	27,008
Employee subsidy	3,272
Bad debts	17,592
Public education	6,147
Professional services	62,159
Medical supplies and equipment	37,999
Vehicle operation and maintenance	45,890
Office expenses	10,197
Insurance	30,851
Radios and pagers	4,326
Other supplies and equipment	19,398
Utilities and telephone	13,313
Depreciation	42,905
Advertising and promotions	2,452
Dues and memberships	145
Other	<u>4,074</u>

Total operating expenses	<u>689,584</u>
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OPERATING INCOME	<u>88,700</u>
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NONOPERATING REVENUES:

Contributions	31,110
Contributions from member units	<u>87,274</u>

Total nonoperating revenues	<u>118,384</u>
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NET INCOME	207,084
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RETAINED EARNINGS - BEGINNING OF YEAR	<u>458,265</u>
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RETAINED EARNINGS - END OF YEAR	<u>\$ 665,349</u>
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See notes to financial statements

Wayland Area Emergency Medical Services
STATEMENT OF CASH FLOWS
Year ended February 29, 2004

Cash flows from operating activities:	
Receipts from customers	\$ 642,802
Receipts from others	8,106
Payments to suppliers	(277,135)
Payments to employees	<u>(355,194)</u>
Net cash provided by operating activities	18,579
Cash flows from noncapital financing activities:	
Contributions	31,110
Contributions from member units	<u>75,696</u>
Net cash provided by noncapital financing activities	<u>106,806</u>
Net increase in cash	125,385
Cash - beginning of period	<u>91,198</u>
Cash - end of period	<u>\$ 216,583</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 88,700
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	42,905
Bad debt expense	17,592
Increase in:	
Accounts receivable	(139,256)
Prepaid expenses	(1,162)
Increase (decrease) in:	
Accounts payable	24,956
Accrued payroll and payroll taxes	<u>(15,156)</u>
Net cash provided by operating activities	<u>\$ 18,579</u>
SUPPLEMENTARY INFORMATION:	
Contributions from member units	\$ 87,274
Less donated assets	<u>11,578</u>
Cash provided	<u>\$ 75,696</u>

See notes to financial statements

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The Wayland Area Emergency Medical Services (the Authority) was established June 26, 1999, to jointly provide emergency medical services within the member municipalities in Allegan and Barry counties, Michigan. The Authority is comprised of ten units of government in Allegan and Barry counties. The Authority began operations as a government entity on October 1, 2002. The Authority replaces a predecessor not-for-profit corporation.

The accounting policies of the Authority conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles), as applicable to governments. The following is a summary of the more significant policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Authority. The criteria established by the GASB for determining the reporting entity includes oversight responsibility, fiscal dependency, and whether the financial statements would be misleading if data were not included. The Authority has determined that no other outside agency meets the above criteria and, therefore, no other agency has been included as a blended or discretely-presented component unit in the Authority's financial statements. Also, the Authority is not a component unit of any other entity.

b) Basis of presentation:

The accounts of the Authority are organized on the basis of an enterprise fund. This fund is used to account for operations; (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c) Basis of accounting:

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The financial statements are reflected on the accrual basis of accounting. Its revenues are recognized when they are earned and its expenses are recognized when they are incurred. Unbilled receivables of the Authority are recorded at year end. The Authority has elected to follow 1) all GASB pronouncements and 2) Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins issued on or before November 30, 1989, except those that conflict with a GASB pronouncement.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Charges for services:

Charges for services represent the estimated net realizable amounts from individuals, third-party payers, and others for services rendered. The Authority has agreements with third-party payers that provide for payments to the Authority at amounts different from its established rates. Payment arrangements include discounted charges. The Authority's ability to collect the amounts due (other than amounts due from third-party arrangements) is affected by the Authority's ongoing evaluation of its clients' credit worthiness.

e) Inventory:

Inventory is valued at cost, on a first-in, first-out basis, which approximates market value, which consists of expendable operating supplies.

f) Fixed assets:

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

Depreciation of all exhaustible fixed assets used by the Authority is charged as an expense against its operations. Accumulated depreciation is reported on the Authority's balance sheet. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Building	40 years
Equipment	5 - 10 years
Vehicles	6 years

g) Compensated absences (vacation, sick, and compensatory leave):

The amount attributed to the Authority is charged to expenses and a corresponding liability. Subject to carry-over limits, employees receive one-half of unused sick leave and vacation pay annually, and one-half of unused compensatory time monthly.

NOTE 2 - CASH:

Deposits with financial institutions:

Cash as presented in the combined balance sheet consists of deposits with financial institutions. Deposits are carried at cost and maintained at various financial institutions in the name of the Authority. Michigan Compiled Laws, Section 129.91, authorizes the Authority to deposit and invest in accounts of federally-insured banks, credit unions, and savings and loan associations. At February 29, 2004, the Authority has deposits with a carrying amount of \$216,583 and a bank balance of \$222,287, all of which is covered by federal depository insurance.

Wayland Area Emergency Medical Services
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - FIXED ASSETS:

Fixed assets consist of the following at February 29, 2004:

Building	\$200,000
Vehicles	312,000
Furnishings and equipment	<u>33,292</u>
	545,292
Less accumulated depreciation	<u>307,444</u>
Net fixed assets	<u>\$237,848</u>

NOTE 4 - CLAIMS ARISING FROM RISKS OF LOSS:

The Authority is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$5,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance.

The Authority is self-insured for any liability associated with its underground fuel storage tanks and has pledged the assets owned by the Authority in conjunction with the self-insurance certification.